

**LEGISLATIVE SERVICES AGENCY  
OFFICE OF FISCAL AND MANAGEMENT ANALYSIS**

301 State House  
(317) 232-9855

**FISCAL IMPACT STATEMENT**

**LS 7123**

**BILL NUMBER: SB 389**

**DATE PREPARED:** Jan 17, 2001

**BILL AMENDED:**

**SUBJECT:** Property tax abatements.

**FISCAL ANALYST:** Bob Sigalow

**PHONE NUMBER:** 232-9859

**FUNDS AFFECTED:**     **GENERAL**  
                              **X DEDICATED**  
                              **FEDERAL**

**IMPACT:** State & Local

**Summary of Legislation:** This bill provides that the city of South Bend may grant a property tax abatement deduction to a taxpayer that has fulfilled all expectations of the city concerning job creation or retention, capital investment, and other requirements imposed by the city, but is not eligible for the deduction because of a failure to comply with a requirement of the abatement statutes.

**Effective Date:** January 1, 2001 (retroactive).

**Explanation of State Expenditures:**

**Explanation of State Revenues:** The State levies a tax rate for State Fair and State Forestry. Any reduction in the assessed value base will reduce the property tax revenue for these two funds.

**Explanation of Local Expenditures:**

**Explanation of Local Revenues:** This bill would allow the City of South Bend to grant property tax abatements to taxpayers effective with property tax paid in CY 2002 if:

- (1) The city offered to provide the abatement to the property owner before January 1, 2001;
- (2) The owner has met the expectations of the city concerning employment, investment, and other city-imposed requirements;
- (3) The owner and/or the city failed to comply with the all of the filing requirements; and
- (4) Both the city and the owner complete the usual filing and approval procedures under current abatement law before July 1, 2001.

Property tax abatements cause a delay of the shift of the property tax burden from all taxpayers to the owners of the new property until the property is placed on the tax rolls. If a taxpayer fails to receive the deduction, then the shift of taxes to that taxpayer occurs immediately. By allowing the late filed deduction under this

proposal, the shift is again delayed.

One taxpayer has been identified as meeting the qualifications of this provision. The taxes to be paid due to the missed abatement are approximately \$110,000 - \$135,000 in CY 2002. This bill would shift that amount to all other taxpayers. Total local revenues, except for cumulative funds, would remain unchanged. The revenue for cumulative funds would be reduced by the product of the fund rate multiplied by the deduction amount applicable to that fund.

It is not known whether any additional taxpayers could qualify for an abatement under this proposal.

**State Agencies Affected:**

**Local Agencies Affected:** City of South Bend; St. Joseph County Auditor.

**Information Sources:** Joe Loftus; Barnes & Thornburg.